GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:184
ANSWERED ON:18.12.2013
MARKET SHARE OF TELECOM PSUS .
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Mahanagar Telephone Nigam Limited (MTNL) and the Bharat Sanchar Nigam Limited (BSNL) are heavily burdened by debt;

(b) if so, the details thereof during the last three years and the current year along with the reasons therefor, PSU-wise;

(c) whether the market share of both landline and mobile services of these PSUs has declined sharply in comparison to the private telecom companies;

(d) if so, the reasons therefor along with the number of subscribers separately for landline and mobile connections lost by the said two PSUs, PSU-wise; and

(e) the action taken by the Government to improve the financial condition and provide quality services to increase customer base of these PSUs?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY & LAW AND JUSTICE (SHRI KAPIL SIBAL)

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 184 FOR 18TH DECEMBER, 2013 REGARDING "MARKET SHARE OF TELECOM PSUs"

(a) & (b) The details of loans taken from banks by Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) during the last three years of 2010-11, 2011-12, 2012-13 and for the current year 2013-14 upto 30.09.2013, are as follows:

As on	Loans taken from banks (In Rs crores)	
	BSNL	MTNL
31.3.2011	Nil	7456
31.3.2012	1320	9647
31.3.2013	2561	11779
30.9.2013	1541	12587

The incidence of debt increased due to the payment of 3G and BWA spectrum charges for which BSNL paid Rs.18500 crore and MTNL paid Rs.11098 crore in 2010. The payments were made by MTNL by taking loans and by BSNL by drawing down from its reserves.

The reasons for the rising debt of BSNL and MTNL are due to decline in revenue and increase in expenditure. The reasons for the decline in revenue are as follows:

Fixed to mobile substitution

Stiff competition in mobile sector.

Decrease in Average Revenue Per User (ARPU) in mobile sector.

The reason for the increase in expenditure is mainly due to wages of large legacy work force.

(c)& (d) The details of market share of wireline and wireless telephones of BSNL and MTNL during the last three years and for the current year are as follows:

As on	%age Market Share of BSNL		%age Market Share of MTNL		%age Market Share both PSUs together	
	Wireline	Wireless	Wireline	Wireless	Wireline	Wireless

31.3.2011 72.63 11.32 9.97 0.67 82.6 11.99
31.3.2012 69.88 10.71 10.75 0.64 80.63 11.35
31.3.2013 67.69 11.66 11.44 0.58 79.13 12.24
30.9.2013 66.14 11.11 12.10 0.42 78.24 11.53

The total number of landline connections in the country has reduced from 36.94 million in March, 2010 to 29.28 million as on 30.09.2013. The main reasons of decline in landline and mobile connections are as follows:

Landline

Substitution of fixed line telephone by mobile phones which offers greater flexibility in usage

Surrender of extra wireline telephone connection where multiple connections were available in same premises.

Mobile

Stiff competition

Lack of effective sales and marketing measures

Details of the net change in number of landline and mobile telephones of BSNL and MTNL during the last three years and the current year are as follows:

	2010-11	2011-12	2012-13	2013-14 (upto 30.09.2013)
BSNL (in Lakh)				
Net change in Landline Connections	(-)28.0	(-)27.5	(-)20.2	(-)10.8
Net change in Mobile Connections	230.0	82.4	39.9	(-)30.3
MTNL (in lakh)				
Net change in Landline Connections	(-)0.32	(-)0.06	0.02	0.83
Net change in Mobile Connections	3.79	3.59	(-)8.33	(-) 12.58

Note: In the table above, (-) represents a decrease in number of connections.

(e) The performance of both BSNL and MTNL is reviewed regularly. Taking cognizance of financial condition of BSNL and MTNL, Government had constituted a Group of Ministers (GoM) on 17.04.2013 to recommend short term, medium term and long term measures for revival and revitalization of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). GoM has met on 12.06.2013, 01.08.2013 and 12.09.2013. The GoM has recommended the following short term measures for approval of the Government:

Payment of pension to the employees of MTNL at par with BSNL.

Surrender of Broadband Wireless Access (BWA) spectrum by BSNL (in six licensed service areas) and MTNL (both Delhi and Mumbai) and refund of amount paid by BSNL and MTNL for such spectrum.

Waiver of unpaid portion along with the interest of loan of Rs. 7500 Crore given to Bharat Sanchar Nigam Limited (BSNL) as part of the capital structure of BSNL at the time of its formation.

BSNL and MTNL are constantly endeavoring to improve their Quality of Service. To improve their financial condition and quality of service, BSNL and MTNL have taken the steps like attractive tariff plans, using latest Information Technology (IT) tools to monitor the network, conversion of switches with latest technology of Next Generation Network (NGN), optimization of radio network through drive tests etc.